

LIMITED-SCOPE AUDIT PROPOSAL

Verifying Funding for a Sample of State Employees

SOURCE

This audit proposal was requested by Representative Ron Highland.

BACKGROUND

Our July 2019 audit found the Kansas Departments of Labor, Transportation, and Agriculture spent about \$568 million in federal funds. Those funds were used to provide benefits like unemployment insurance, to fund highway projects, and to conduct food inspections in fiscal year 2018. Those federal funds made up between 25% and 86% of the three agencies' total expenditures in fiscal year 2018.

Our audit reviewed six programs that each spent between about \$710,000 to \$20 million in federal funds. Those funds were mostly used for state employee salaries, aid to other state and local governments, or contractual services.

After the audit, legislators asked us to confirm that only federal funds were used for the salary and benefits of federal program staff.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below represent the questions that we would answer through our audit work. The proposed steps for each objective shows the type of work we plan to do. They are subject to change as we learn more about the audit issues and can better refine our approach.

Objective 1: Were any state funds being used to pay salary or benefits for a sample of state employees who were federally funded? To answer this question, we plan to do the following work:

- For the agencies that administered the six federal programs in our July 2019 audit, work with agency staff and accounting data to determine at an agency level: total federal funding, total budget, total number of federal programs and FTE to administer them. Also determine at a program level the total federal funding and FTE needed to administer program.
- For those same six programs, interview agency and program officials to determine which employees are supposed to be federally funded.
- Work with Department of Administration human resources staff, agency staff and state payroll data and accounting data to verify whether the salaries or wages for those staff are paid using only the federal funds.

- Work with Department of Administration, agency, KPERS and other human resources staff to determine the source of funding for other state employee benefit payments (e.g. KPERS contributions) for those employees.

ESTIMATED RESOURCES

We estimate this audit would require **100 staff hours** to complete.